

## GLOSSARY OF TERMS

**Accrual basis of Accounting** – A method of accounting that recognizes the financial effect of transactions, events and interfund activities when they occur, regardless of the timing of related cash flows.

**Activity Measures** - A measurement of departmental activity, such as the number of traffic tickets written within a specified time period. Also may be referred to as workload measures.

**Adopted Budget** – See Approved Budget

**Ad Valorem tax** – A tax based on the value of real estate or personal property.

**Agency Fund** - One of four types of fiduciary funds. Agency funds are used to report resources held by the reporting government in a purely custodial capacity (assets = liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

**Appropriation** – A legal authorization granted by a legislative body (County Board) to make expenditures and incur obligations for designated purposes.

**Appropriation Category** – Six summary classifications of expenditures made by the County.

**Personnel Services** – Includes costs relating to employees or temporary help, including fringe benefits.

**Commodities** – Consists of costs relating to articles of a non-durable nature, such as office supplies.

**Contractual Services** – Costs for work performed by vendors for the County.

**Capital Outlay** - Expenditures which result in the acquisition of or addition to fixed assets which are individually priced more than \$5,000.00.

**Bond & Debt Services** – The amount of money required to pay principal and interest on outstanding bond issues.

**Cash Transfers** – Transfers made by the Treasurer from a fund's cash balance.

**Approved Budget** – The upcoming fiscal year budget as initially passed by the County Board. The budget is usually approved in late November preceding the start of the new fiscal year.

**A.R.R.A.** – American Recovery and Reinvestment Act of 2009. A.R.R.A. is an economic stimulus package enacted by Congress in February 2009 intended to preserve and create jobs and promote economic recovery; to assist those most impacted by the recession; to provide investments needed to increase economic efficiency by supporting technological advances in science and health; to invest in transportation, environmental protection, and other infrastructure that will provide long-term economic benefits; and to stabilize State and local government budgets, in order to minimize and avoid reductions in essential services and counterproductive state and local tax increases.

**Assessed Valuation (A.V.)** – A valuation set upon real estate or other property by a government as a basis for levying taxes.

**Authorized Headcount** – The total inventory of department positions. Authorized headcount is adopted via resolution. Authorized headcount may or may not be budgeted or projected to be filled in a given fiscal year.

**Balanced Budget** – The instance where total resources in a fund equal the total of expenditures and requirements for that fund. A budget can be balanced on either a cash or accrual basis.

**Beginning Fund Balance** – As shown in the budget, an amount representing the cash balance remaining at the end of the previous fiscal year; the total of resources received less the amount spent.

**Bond** – A written promise to pay a specified sum of money, called the face value or principal amount, at a specified date or dates in the future, called the maturity date(s), together with periodic interest at a specified rate.

**Budget** – A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

**Budget message** – A message prepared by the DuPage County Board Chairman explaining the annual proposed budget, articulating the strategies to achieve the County's goals and identifying budget impacts and changes. According to County Board Rules, the Chairman must deliver the budget message to the County Board no later than September 15<sup>th</sup>.

**Budget Process** – The process of translating planning and programming decisions into specific financial plans.

**Budget Transfer** – A change of appropriation level for a line item account within a fund or department. Budget transfers increase one line item while decreasing another. Transfers between appropriation categories or in excess of \$10,000.00 require County Board approval.

**Budgeted Positions** – The number of positions actually funded by appropriation. The number of budgeted positions may be lower than authorized headcount.

**Build America Bonds – a.k.a. BABS** - A federal bond program, similar to the Recovery Zone DB, but offers a reduced federal subsidy of 35% credit and does not have a bond amount cap. See Recovery Zone Bonds for more details.

**Capital Budget** – A plan of proposed capital expenditures and the means of financing them. The capital budget is enacted as part of the Adopted Budget, which includes both operating and capital outlays.

**Capital Project Fund** – Fund type used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Cash Basis of Accounting** – Basis of accounting that recognizes transactions or events when related cash amounts are received or disbursed.

**Chairman's Recommended Budget** – the forthcoming year budget proposal the the County Board Chairman recommends to the County Board through Finance Committee. The Chairman's recommendations are usually provided in September of the year preceding the budget year.

**Committees** – The County has 13 standing committees. Each conducts the business of assigned department(s).

**Contingency** – Budget for expenditures, which cannot be placed in departmental budgets, primarily due to uncertainty about the level or timing of expenditures when the budget is adopted. Some funds are earmarked for specific projects and the balance is unearmarked for unanticipated expenditures.

**Corporate Fund** – see **General Fund**.

**Cost Allocation** – The assignment of a share of a cost to one or more operating funds in the County to account for actual costs to operate.

**County Board** – The County Board is DuPage County’s governing body. It is composed of 18 members from 6 districts elected to staggered four-year terms and 1 Chairman elected County-wide for a four-year term.

**Current Fiscal Year Budget** – The difference between the County Board approved budget plus or minus any authorized budget transfers.

**Debt Service Fund** – Governmental fund type, used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**Delinquent Taxes** – Taxes remaining unpaid on or after the date on which a penalty for nonpayment is attached.

**Department** – The basic organizational unit of county government charged with the responsibility for carrying out a specific function.

**Effectiveness Indicators** – Measurements of the impact and quality of a service.

**Encumbrances** – Commitments related to unperformed contracts for goods or services used in budgeting. Encumbrances are not expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

**Ending Fund Balance** – As shown in the budget, an amount representing the cash balance at the end of a fiscal year. The ending fund balance becomes the subsequent year’s beginning fund balance.

**Enterprise Fund** – A type of proprietary fund used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes. An example of enterprise funds in DuPage County is the Public Works Fund.

**Equalized Assessed Value** – The assessed value multiplied by the State equalization factor to yield the value of property from which the property tax rate is calculated after deducting exemptions and the value of tax increment financing districts.

**ERP – Enterprise Resource Planning** - is an integrated computer-based system used to manage internal and external resources, including tangible assets, financial resources, materials, and human resources. Its purpose is to facilitate the flow of information between all business functions inside the boundaries of the organization and manage the connections to outside stakeholders. Built on a centralized database and normally utilizing a common computing platform, ERP systems consolidate all business operations into a uniform and enterprise-wide system environment.

**Expenditure** – The outflow of funds paid or to be paid for an asset or goods and services.

**Fiduciary Fund** – A category of funds used to report assets held in a trustee or agency capacity for others and which therefore cannot be used to support the government's own programs. The fiduciary fund category includes pension (and other employment benefit) trust funds, investment trust funds, private-purpose trust funds, and agency funds.

**Final Proposed Budget** – The budget as passed by Finance Committee on to the full County Board for review and approval.

**Fiscal Year** – A 12-month period to which the annual operating budget applies and at the end of which a government determines its financial position and results of operations. The County of DuPage's fiscal year begins each December 1<sup>st</sup> and ends the following November 30<sup>th</sup>. The term FY2005 denotes the fiscal year beginning December 1, 2004 and ending November 30, 2005.

**FTE** – Acronym for full time equivalent, a measurement of staffing. One FTE is a 37.5 hour per week position. A part-time position working 20 hours per week would be ½ FTE.

**Fixed Asset** – Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, improvements other than buildings, machinery and equipment.

**Full Accrual Basis** – The basis of accounting under which transactions and events are recognized as revenues or expenses when they occur, regardless of the timing of related cash flows.

**Function** – A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible. DuPage County categorizes its budget and expenditures into several categories, including: Public Safety, Transportation & Economic Development, Environmental & Land Management, Health & Human Services, Education, General Government and Agency Support.

**Fund** – A fiscal and accounting entity with a self-balancing set of accounts. These accounts record cash and other financial resources, together with all related liabilities and residual equities or balances, and changes. The entity is segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. In DuPage County, funds are classified into six types: Corporate, Special Revenue, Enterprise, Grants, Capital Projects and Debt Service.

**Fund Balance** – The excess of the assets of a fund over its liabilities and reserves. In the case of budgetary accounting it represents the excess of the fund's assets and estimated revenues over its liabilities, reserves and appropriations for the budgetary period.

**Fund Transfer** – The movement of monies from one fund to another. Fund transfers must have County Board approval, generally via resolution. Fund transfers are not necessarily appropriated.

**GAAP** – Generally Accepted Accounting Principles. Uniform minimum standards and guidelines for financial accounting and reporting. They govern the form and content of the financial statements of the County.

**GASB** – Acronym for Government Accounting Standards Board, an independent, non-profit agency responsible for the promulgation of accounting and financial reporting procedures for governmental entities.

**General Fund** – The General Fund (previously referred to as the Corporate Fund) is one of five governmental fund types and typically serves as the chief operating fund of a government. The chief operating fund is used to account for revenues and expenditures necessary to carry out basic governmental activities such as administration, legal and judicial, public health and safety,

property assessment and tax collection. The General (Corporate) Fund is used to account for all financial resources except those required to be accounted for in another fund.

**General Obligation (GO) Bonds** – Bonds that are to be repaid from taxes and other general revenues.

**Goal** – A broadly defined, central aim of an organization. Goals state long-term objectives. Specifying and prioritizing goals are important steps in setting an organizational strategy.

**Governmental Funds** – funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general or corporate fund, special revenue funds, debt service funds, capital project funds and permanent funds.

**Impact Fees** – Fees charges to developers to cover the cost of improvements borne by the County that will result from the development.

**Interfund Transfer** – The movement of money between funds of the same government entity. The transfer will be a resource in the receiving fund and an operating requirement in the transmitting fund.

**Internal Service Fund** – Proprietary fund type that may be used to report any activity that provides goods or services to other funds, departments or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis.

**Major Fund** – Governmental fund or enterprise fund reported as a separate column in the basic fund financial statements and subject to a separate opinion in the independent auditor's report.

**Mission** – A short description of the scope and purpose of the County and/or a County department.

**Modified Accrual Accounting** – The basis of accounting under which revenues are recorded when they become both measurable and available to finance expenditures of the current period. Expenditures are recorded when the related fund liability is incurred, except for compensated absences that are not expected to be liquidated with expendable available resources, and debt-service on long term debt.

**Modified Budget** – See Current Fiscal Year Budget.

**Object** – A term used in connection with the classification of expenditures. The article purchased or the service obtained, rather than the purpose for which the article or service was purchased or obtained.

**Objective** – Describes something to be accomplished in specific, well-defined and measurable terms and achievable within a specific time-frame.

**Operating Budget** – Plans of current expenditures and the proposed means of financing them. The annual operating budget is the primary means by which most of the financing, acquisition, spending and service delivery activities of the County are controlled.

**Ordinance** – A formal legislative enactment by the governing board of a municipality or county. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality or county to which it applies. The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status.

**Organization** – Major department division.

**Original Fiscal Year Budget** - The current fiscal year budget as initially passed by the County Board.

**Performance Measurement** – A quantification of the effectiveness and efficiency with which program objectives have been accomplished.

**Projections** – Estimates of outlay, receipts, or other amounts that extend several years into the future. Projections generally are intended to indicate the budgetary implications of continuing or proposing programs and policy for an indefinite period of time.

**Proposed Budget** – see Chairman’s Recommended Budget.

**Proprietary Fund** – Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

**PTELL (Property Tax Extension Law Limit)** – This law was effective for the 1991 levy year (taxes collected in 1992). The law was designed to limit increases in property tax extensions (total taxes billed) for non-home rule taxing districts in Illinois. Increases in property tax extensions are limited to the lesser of 5% or the increase in the national Consumer Price Index (CPI) for the year preceding the levy year. The limitation can be increased for a taxing body with voter approval.

**Recovery Zone Bonds** (a.k.a. R.Z. Bonds) - The American Recovery & Reinvestment Act of 2009 (ARRA) created several new types of tax-exempt bonds and tax credit bonds under the Internal Revenue Code. Of particular note, the ARRA created new tax incentives for certain taxable governmental bonds called Build America Bonds (BABS) and Recovery Zone Economic Development Bonds whereby the governmental issuer of such bonds may elect (in lieu of issuing tax-exempt bonds) to receive a direct refundable credit payment from the Federal government equal to a percentage of the interest payments on these bonds.

**Revenues** – Funds received from various sources and treated as income, used to fund authorized expenditures.

**Special Revenue Fund** – A governmental fund type used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**Strategic Plan** - An organization’s process of defining its strategy or direction, and making decisions on allocating its resources to pursue this strategy, including its capital and people.

**Tax Increment Financing (TIF)** – Financing secured by the anticipated incremental increase in tax revenues, resulting from the redevelopment of an area.

**TIF** – See tax increment financing

**Workload Measures** – A measurement of departmental activity, such as the number of traffic tickets written within a specified time period. Also may be referred to as activity measures.





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